



Bradford Diocesan  
Academies Trust

# LOCAL GOVERNMENT PENSION SCHEME: DISCRETIONARY POLICY

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## Statement of Intent

Under the Local Government Pension Scheme (LGPS) (Benefits, Membership and Contributions Regulations 2008), the Trust is required to compose, publish and keep under review a policy statement in relation to the exercising of a number of discretions under the LGPS.

To ensure value for money and financial stability, the Trust has adopted an approach that befits the size, finances and current staffing levels of the Trust. In addition, the decisions regarding the discretionary powers have been taken to ensure the affordability of the scheme to all members.

The Trust is committed to equality and this policy has been created in accordance with anti-discrimination laws, the Equality Act 2010 and with regard to Age Regulations.

In addition to the above, the Trust is required to adhere to a number of provisions and to create and implement effective procedures for administration of the LGPS scheme.

These duties and procedures are detailed in this policy.

### 1. Discretionary Decisions

1.1. The Trust, as an LGPS Employer, is legally required to provide employees and LGPS scheme members with information regarding their decision to include or omit the following discretions in their LGPS scheme:

1.1.1. Regulation 31 - Whether to grant additional pension to a member (by up to £6,500 p.a.).

1.1.2. Regulation 30 (6) - Whether all or some benefits can be paid if a member aged 55 or over reduces their hours or grade (flexible retirement).

1.1.3. Regulation 30 (8) - Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.

1.1.4. Regulation 30 (8) - Whether to grant application for early payment of benefits age 55+ for both active and deferred members and suspended tier 3 ill health retirement

1.1.5. Regulation 100 (6) - Whether the Trust will permit late inward transfer of pension rights.

1.1.6. Regulation 16 (2)e and 16 (4)d – Whether to make either a regular or lump sum Additional Pension Contribution to a member's account (funded in part or wholly by the Trust)

1.1.7. TP Regulation 1 (1)c - Whether to allow the rule of 85 to be switched on for members who would normally meet the rule but who will not if they draw benefits aged 55-59

1.1.8. Regulations 22 (8 &9) – Whether to extend the 12 month period to separate previous local government service.

1.1.9. Regulation 9 (3) - Determination of the rate of employee's contribution

### 2. LGPS 2014 Overview

2.1. The LGPS 2014 is a Career Average Revalued Earnings (CARE) Scheme.



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- 2.2. Accrual rate is 1/49<sup>th</sup>
- 2.3. The revaluation rate is based on the CPI (Consumer Price Index)
- 2.4. Pensionable Pay is all pay including non-contractual overtime and additional hours for part time staff.
- 2.5. Contribution rates are in bands as detailed below:

| From          | To            | Gross Rate |
|---------------|---------------|------------|
|               | Up to £14,400 | 5.50%      |
| £14,401       | £22,500       | 5.80%      |
| £22,501       | £36,500       | 6.50%      |
| £36,501       | £46,200       | 6.80%      |
| £46,201       | £64,600       | 8.50%      |
| £64,601       | £91,500       | 9.90%      |
| £91,501       | £107,700      | 10.50%     |
| £107,701      | £161,500      | 11.40%     |
| Over £161,501 |               | 12.50%     |

- 2.6. Contribution flexibility is now available with a 50/50 option. 50% contribution to a pension 50%
- 2.7. Normal pension age is currently a minimum of 65.
- 2.8. There is a lump sum trade off of £1 annual pension for £12 lump sum
- 2.9. The death in service is 3 \* pensionable pay
- 2.10. The death in service survivor benefits are 1/160<sup>th</sup> accrual rate based on Tier 1 ill health pension enhancement
- 2.11. The ill health provision is as follow:
  - 2.11.1. Tier 1 – Immediate payment with service enhanced to Normal Pension Age
  - 2.11.2. Tier 2 – Immediate payment of pension with 25% service enhancement to Normal Pension Rate
  - 2.11.3. Tier 3 – Temporary payment of pension for up to 3 years





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- 2.12. The LGPS indexation of pension in payment is based on the CPI
- 2.13. The vesting period is 2 years
- 2.14. The administrating authority for The Trust is West Yorkshire Pensions
- 2.15. The Actuary for the Trust is Aon Hewitt

**3. Key roles and responsibilities**

- 3.1. The Board of Trustees has overall responsibility for the implementation and monitoring of the LGPS Discretionary Policy at the Trust.
- 3.2. The Board of Trustees has responsibility for ensuring that the LGPS Discretionary Policy, as written, does not discriminate on any grounds, including but not limited to: age, ethnicity/national origin, culture, religion, gender, disability or sexual orientation.
- 3.3. The Board of Trustees has overall responsibility for handling complaints regarding this policy as outlined in The Trust Complaints Policy.
- 3.4. In the first instance, complaints should be directed to the Head Finance & Facilities.
- 3.5. The Director of Finance has responsibility for the day-to-day implementation and management of the LGPS Discretionary Policy at The Trust.
- 3.6. Staff members enrolled on the LGPS will be responsible for following the LGPS Discretionary Policy.

**4. Regulation 31 - Whether to grant additional pension to a member (by up to £6,500 p.a.).**

- 4.1. The Trust may agree, at its own cost, to award a member an additional pension up to a maximum of £6,500 p.a. (this figure will increase each April under the Pension (Increase) Act 1971
- 4.2. The LGPS 2014 Regulations state that the Trust may agree, at its own cost, to award additional membership up to a maximum of 10 years.
- 4.3. The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.

**5. Regulation 30 (6) - Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).**

- 5.1. The Trust may agree, at its own cost (if there is any) for a member aged 55 or over, who reduces their grade, hours of work, or both, to receive all or part of their LGPS benefits immediately, even though they have not left the Trust's employment.





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- 5.2. The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 6. Regulation 30 (8) - Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.**
  - 6.1. If the benefits on flexible retirement would normally be reduced for early payment, The Trust may agree, at its own cost, to waive all or part of the reduction.
  - 6.2. The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 7. Regulation 30 (8) - Whether to grant application for early payment of benefits on or age 55+ for both active and deferred members and suspended tier 3 ill health pensions**
  - 7.1. The Trust may agree, at its own cost, for a member aged 55 or over, who leaves its employment without an automatic entitlement to immediate LGPS benefits, to receive their benefits immediately.
  - 7.2. The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 8. Regulation 100 (6) - Whether to extend the 12 month period to allow a transfer-in of non-local government pension rights**
  - 8.1. The Trust will only allow an extension to the 12 month period to combine previous non-local government service where it can be shown that the member was not provided with the required information within 6 months of starting at the Trust
- 9. Regulation 16 (2)e and 16 (4)d - Whether to make either a regular or lump sum Additional Pension Contribution to a member's account (funded in part or wholly by the Trust)**
  - 9.1. The Trust will only consider in exceptional circumstances.
- 10. LGPS Transitional provisions, Savings & Amendment Regulations 2014 Regulation 1 (1)c - Whether to allow the rule of 85 to be switched on for members who would normally meet the rule but who will not if they draw their benefits aged 55-59.**
  - 10.1. The Trust will only consider switching on Rule 85 if there is a clear financial benefit in doing so.
- 11. Regulation 22 (8 & 9) - Whether to extend 12 month period to separate previous local government service.**



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11.1. The Trust will only allow an extension to the 12 month period to combine previous non-local government service where it can be shown that the member was not provided with the required information within 6 months of starting at the Trust.

**12. Regulation 9 (3) - Determination of the rate of employee's contribution.**

12.1. The Trust will only review all employees' contribution bands as at 1 April each year, except if the member has been promoted on a permanent basis.

**13. Regulation 33 to 38 - Whether to award an injury allowance following the loss of employment or reduction in pay or death in service through incapacity after sustaining or contracting a disease as a result of anything he/she was required to do in carrying out the duties of the role**

13.1. The Trust will consider each case on its merits.

**14. The LGPS Member Records**

14.1. The Director of Finance with the assistance of the Payroll Provider is responsible for maintaining a clear and up to date record of all Trust staff enrolled in the LGPS.

14.2. The scheme will have details of each member's:

14.2.1. Full Name

14.2.2. National Insurance Number

14.2.3. Current full time equivalent (FTE) salary

14.2.4. Hours & Weeks worked

14.2.5. Contact details for payroll & HR use

14.2.6. Contribution Rate

14.2.7. Service Start Date/Pension Start date (if different)

14.2.8. Changes in contribution rate

**15. Salary Reviews – re Staff Overtime**

15.1. From 1<sup>st</sup> April 2014, overtime is classed as pensionable pay. In response the Trust is required to introduce additional measures to ensure employee contributions are correct and pension pay is fair and accurate.

15.2. Checks will be carried out by the HR & Payroll Administrator to ensure percentage calculations are correct and accurate.





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15.3. This will be reviewed annually

## **16. Auto- Enrolment**

16.1. This is a government strategy to encourage more people to save for their retirement and requires employers to enrol their workers into a workplace pension scheme. This applies to those who are not already in one and who:

16.1.1. Earn over a minimum value (currently £12,500 year)

16.1.2. Are aged over 22

16.1.3. Are under state pension age

There is the provision to opt out of the pension scheme when an employee starts work but it is the employee who has to action this. If the employee opts out it is for a maximum of 3 years and then the employee will automatically be enrolled and the cycle continues.